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New and Improved Real Estate Forms Go Into Effect

After considering the recommendations from the Forms Task Force and comments received by licensees, the SD Real Estate Commission has finalized and approved three new forms in addition to updates of many of the existing ones.

The updated forms are:

Real Estate Relationship Disclosure – No new language has been added; the order of the agency relationship descriptions has been changed.

Agency Agreement Addendum – No new language has been added, only minor formatting changes; this form is now a part of the Buyer Agency Agreement and the Listing Agreement.

Exclusive Buyer Agency Agreement/NonExclusive Buyer Agency Agreement – the updated form includes a statement that buyer affirms he/she is not already in an agreement with another broker.

Listing Agreement – A statement has been added affirming the seller has disclosed any encumbrances on the property title. The new form also provides for authorization for the disclosure to buyers/buyers' agents of other offers.

Purchase Agreement – Changes include the addition of a provision that addresses earnest money not accompanying the offer; acknowledgement by the purchaser when a seller's property condition disclosure statement form is not required;

New forms:

Contingency Removal –

Earnest Money Release - This form **MUST** be completed and signed by both the buyer and seller in order for earnest money to be released when the transaction does not close.

Counteroffer

The Commission office is advising licensees to begin using these updated/new forms for any NEW listing and/or buyer agreements. It is not necessary to complete the new forms for existing agreements.

All of the forms are available on the SDREC website at www.state.sd.us/sdrec

Please note – the Seller's Property Condition Disclosure has also recently been changed. See the article on page 3 of this newsletter for details regarding the requirements for this form.



A Letter from the Chairman

It is hard to believe that my two years as Commission Chair has come to an end. While I turn over the gavel to fellow commission member Eileen Fischer, I am looking forward to continuing my service on the commission.

As you are reading in this newsletter, many of the real estate forms have changed, by action of the Commission or by the SD Legislature. Please take the time to ensure the forms you are using with your clients are the current ones. Although it requires a little work to transition to the new forms, we do so in the best interest of clients and consumers.

I appreciate those who took time to provide the Commission with the input on these forms and also on any other items of interest. Your comments and ideas are always welcomed. Have a great summer!

Sincerely,
Brian



From the Director's Desk

As you have seen from the front page, the Commission is prescribing new forms to be used in your practice. Thanks to those of you who took the time to review the drafts and make comments. And thanks again to the members of the Forms Task Force who worked so diligently on this project.

The Commission has issued a grant to Prairie View Prevention for the production of a methamphetamine awareness video specifically directed toward real estate professionals. Once produced and distributed, this video can serve as a training tool at your staff meetings or when associating with a new licensee.

I'd like to remind the responsible brokers and property managers to make sure reconciliations of your trust accounts are being performed monthly. It's very easy for the Commission compliance officers to determine that monthly reconciliations have not been performed,

especially if the reconciliations have not included individual ledger totals. If you need to freshen up on your trust accounting skills, please go to the Commission's website where you will find trust account guidelines and the trust account reconciliation form.

For those of you who manage vacation rentals, new legislation went into effect on July 1st that relates to these types of properties. To check if any of your vacation properties fall under the definition of a "vacation rental establishment" that would require a lodging license, please contact the S.D. Department of Health at 605-773-3364.

I've been receiving reports and newspaper ads whereby firms are advertising "**SOLD**" across pictures of properties. The advertising will include captions that lead one to believe the firm listed the property, when in fact the firm represented the buyer. In one instance, the firm did not represent any parties to the transaction. The Commission considers this type of advertising as deceptive and if you see this type of advertising in your area, please contact the Commission office.

I hope you all had a safe and memorable Fourth of July!

DjN

South Dakota Errors & Omissions Claims Analysis

This claims analysis report is provided by RISC Insurance Company for E&O claims made in South Dakota between 1/1/2004 and 2/29/2008

Claims

Closed with no payment – 18
Closed with payment – 30
Closed with legal expense payment only – 14
Closed with damage expense payment only – 9
Closed with both damage and legal paid – 7
Coverage disclaimed (no coverage applicable – 29
Currently Open – 19

Payment Information for Closed Claims

Average damage payment per claim - \$8,255.01
Average legal expense payment - \$7,558.07

Expense Amounts

Closed Claims – Damage Incurred - \$132,080.11
Closed Claims – Legal Expense incurred - \$158,719.43

Top Five Most Common Allegations in SD

1. Fraud
2. Breach of Fiduciary Duty
3. Negligence
4. Breach of Contract
5. Ethics Complaint

Other Common Allegations in SD

Discrimination, Misrepresented Condition, Earnest Money Disputes, Misrepresented Flooding/Leaks, Misrepresented Size of Property, Non-Disclosure of Mold

Note: Most claims include more than one allegation of wrongdoing. These are the allegations most often seen without regard to whether or not a particular allegation would be covered under the terms of the group policy.

New Seller's Property Condition Disclosure Form

As of July 1, sellers completing the Seller's Property Condition Disclosure Statement must disclose recent materials or services provided in the last 120 days that would create a lien against the property.

Licensees should be aware that this form is not a commission-prescribed form, meaning the changes are a result of an act by the SD Legislature during the last legislative session. The Commission office advises licensees to have their sellers complete a new disclosure statement for any properties not already under contract.

Although the change to the form is minor, it is in the best interest of the seller to complete a new form to reduce their risk of liability. The commission office cannot give legal advice to licensees regarding whether or not an addendum containing the new information would suffice in a court of law if the disclosure form is disputed.

The updated form is available on the SDREC website at www.state.sd.us/sdrec.



Commission Has New Chairperson

Commission member and former vice-chair Eileen Fischer officially began her duties as Chairperson of the SD Real Estate Commission on July 1.

Governor Rounds appointed Eileen to the Commission in March, 2004. She has been an active real estate agent with Century 21 Fischer, Rounds & Associates in Pierre since 1976.

Eileen lives in Ft. Pierre with her husband Karl and has 4 children and 8 grandchildren.

Meet Shawn Ludemann, SDREC Intern

The SD Real Estate Commission welcomes Shawn Ludemann to the office staff. Shawn began his position in May as compliance officer intern through the State of South Dakota Summer Intern Program and is assisting compliance officers Michelle Metzinger and Angela Madsen with audits.

Recently, Shawn attended his first commission meeting and offers these comments regarding the meeting process:

"I realized the commission members are very professional while being very understanding of the circumstances licensees find themselves in. The commission was not only there to protect the consumer and promote consumer confidence, but to also help licensees conduct their business professionally and accurately. The commission protects consumers by ensuring that licensees are aware of their responsibilities and that they are fulfilling their obligations to their clients. Commission members approach these situations with the intention of helping licensees and consumers instead of punishing errors and lapses in judgment."

Shawn was born and raised in Pierre and recently graduated from the University of South Dakota in with a bachelor's degree in Business Management. He will head back to Vermillion this fall to work on a Masters in Business Administration which he expects to complete during the summer of 2009. Welcome aboard, Shawn!



License Revocation Upheld by Supreme Court

The Supreme Court of South Dakota recently upheld the license revocation of Darrell J. Leamy. Leamy's license was revoked by the SD Real Estate Commission in March of 2007 for unprofessional conduct, bad faith, incompetence and fraudulent dealings in the forgery and conversion of a referral check.

South Dakota Real Estate VIEW

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THE COMMISSION AND STAFF

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Dennis Eismach, Vice-Chair Pierre
Paula Lewis, Member Rapid City
Charlie Larkin, Member Watertown
Brian Jackson, Member Sioux Falls
Dee Jones Noordermeer,
Executive Director..... Pierre
Karen Callahan,
Education Director. Pierre
Norma Schilling, Licensing..... Pierre
Michelle Metzinger, Auditor Pierre
Angela Madsen, Auditor..... Sioux Falls

Articles by outside experts express the author's particular viewpoints. These opinions are not necessarily shared by the Commission, nor should they be mistaken for official policy. The articles are included because they may be of interest to the readers.

Continuing Education Corner

By Karen Callahan, Education Director

Last spring, we were fortunate to have Marie Spodek return to South Dakota to be the caravan presenter on the topic of green building and sustainable housing. Each attendee left the caravan with a hot-off-the-press copy of Marie's new book, "Sustainable Housing and Green Building: What Agents Should Know". Not only did Marie provide valuable material regarding the impacts of green building on real estate, many of the attendees themselves shared some great information on their experiences with various projects happening at the local level.

While green building is one of the latest buzz terms getting a lot of attention, the importance of sustainability should not be overlooked. In South Dakota, it is usually synonymous with agriculture, but it is equally important in many other areas.

If something is sustainable, it basically means it has the ability to continue or maintain into the future. While the dropout rates for real estate agents vary from one part of the country to another, it is evident that in order to survive, agents must utilize tools that will ensure their sustainability in the business. The most obvious of these is education.

The essence of continuing education itself is to maintain competency and continue the accumulation of knowledge in order to stay in business. Too often, education is a tool that is ignored or not fully used to its best advantage. If the same courses are taken again and again, what is being sustained - other than minimal license renewal requirements?

Any good business plan (another tool of sustainability) should include a regular evaluation of educational needs. Identify those areas that you feel your knowledge is not at the level you would like it to be. Consider attending a designation course or a professional conference that offers continuing education sessions. If an out-of-state course is approved in that state for continuing education, those hours will likely be recognized here in South Dakota! If you've never taken an online course before, try one - and vice versa if

you normally take most of your hours via the internet. Talk to instructors and course sponsors to let them know what kind of classes you would like to see offered. South Dakota is fortunate to have a talented pool of instructors and local education directors who would love some direction from licensees on what kinds of courses are in demand. As we all strive to make changes in our lives to ensure the sustainability of our environment, the same should apply in our education and business environments as well.



In Memoriam

The SD Real Estate Commission extends its sincerest sympathy to the families and friends of the following licensee who recently passed away:

Doug Strotheide, Chadron, NE

Robert Paterson, Rapid City

New Licensees

The SDREC would like to welcome the following new licensees:

Auctioneer

Reindl, Timothy P - Custer

Broker

Brewer, Steven E - Omaha, NE
Fetter, Mathew B - Chicago, IL
Greteman, David M - Carroll, IA
Helvig, Douglas E - Sioux City, IA
Hostetler, Larry J - Burlington, CO
Jonas, Jeffrey J - Park City, UT
Mayrose, Linda - Le Mars, IA
Meierhenry, Sabrina - Sioux Falls
Minten, Lloyd L - Portland, OR
Morris, Ronald L - Johnstown, CO
Pier, Steven L - Yankton
Purcell, Patrick E - Homewood, IL
Wachter, Chad A - Bismarck, ND

Broker Associate

Alley, Lee - Piedmont
Amundson, Angela J - Crooks
Billars, Tom - Sioux Falls

Blake, Alisa (Lisa) M - Pierre
Bly, Lori R - Sioux Falls
Breidenbach, Stacy D - Sioux Falls
Burnett, Marian R - N. Sioux City
Carlsgaard, Erik L - Aberdeen
Connelly, William A - Sioux Falls
DeMers, Taryn D - Rapid City
Dirksen, Kirk J - Sioux Falls
Fierro, Todd J - Spearfish
Fischer, Ryan C - Spearfish
Grahek, Chad - Spearfish
Graslie, Scott A - Spearfish
Hegerfeld, Jackson F - Elkton
Hollander, Lisa D - Sioux Falls
Isaak, Scott A - Aberdeen
Johnson, Abby J - Sioux Falls
Johnson, Andrew D - Rapid City
Johnson, April A - Sioux Falls
Jones, Hollie G - Sioux Falls
Koch, Terry M - Sioux Falls
Lardy, Terri L - Tea
Leisinger, Kristi L - Sioux Falls
Lewis, Janics L - Sioux Falls
McGroarty, Sharon - Spearfish
Meinders, Cheryl - Sioux Falls
Miller, Breck R - Sioux Falls
Morrow, Jimmy W - Sioux Falls
Mulder, Bryan D - Arnolds Park, IA
Nedved, Brian R - Sioux Falls
Noble, Brandon J - Rapid City
Nunn, Dustin - Sioux Falls
O Leary, Patrick J - Rapid City
Pesetsky, Vadim - Harrisburg
Polreis, Barbara J - Sioux Falls
Prostrollo, Casey L - Sioux Falls
Riss, Mary L - Piedmont
Simmons, Donna J - Brandon
Smith, Lyndsay M - Rapid City
Sneve, Consuelo C - Rapid City
Staple-Price, Esther M - Brandon
Sullivan, Pamela L - Sioux Falls
Utech, Victor M - Deadwood
Wegner, Thomas - Sioux Falls
Wilson, Jami R - Dell Rapids
Woelber, Heidi J - Belle Fourche
Wordeman, Ryan W - Spearfish
Wright-Hartman, Jackie L - Custer

Home Inspector

Gaffrey, Matt K - Beresford
Johnson, Dustan J - Hermosa
Voss, Randy D - Sioux Falls

Property Manager

Tormanen, Heather J - Brookings

Residential Rental Agent

Bortnem, Jamie L - Sioux Falls

Dougherty, Carmen J – Valley Springs
Edwards, Amber L – Sioux Falls
Greer, James K – Tea
Lee, Nury C – Sioux Falls
Mahatoo, Lisa M – Harrisburg
Patzlaff, Donya K – Sioux Falls
Porter, Sarah C – Sioux Falls
Renquist, Tashina J – Sioux Falls
Struckman, KaCey – Sioux Falls

Salesperson

Dobbs, Jennifer A – Sioux City, IA
Greenberg, Marvin J – Fargo, ND
Hains, Madhvi – Sioux City, IA
Johnson, Steven D – Fargo, ND
Lent, Barbara A – Glenwood, MN
Macke, Patrick J – Carroll, IA
McGinnis, Robert P – Sergeant Bluff, IA
Reesnes, Philip A – Plymouth, MN
Traver, Amy D – Hinton, IA

Timeshare Agent

Bulley, Alicia – Rapid City
Mixer, MacKenzie – Rapid City

Reg. Home Inspector

Disanto, Christopher D – Sioux Falls
McKnight, Patrick N – Colman
O Grady, Robert W – Tyndall
Wiedmeier, Dennis R – Redfield

MORTGAGE FORECLOSURE PREVENTION SERVICES AVAILABLE

SIoux FALLS -- Lutheran Social Services of South Dakota has begun providing services to help prevent home mortgage foreclosures in the Sioux Empire. A \$108,000 grant from NeighborWorks America, one of the nation's largest housing and community development organizations, and \$55,000 in contributions from local banks have supplied funding so that homeowners in financial trouble may receive the help needed to avoid mortgage delinquency or foreclosure.

People in southeastern South Dakota, southwestern Minnesota and northwestern Iowa are eligible for services under this grant project and will have their fees paid

by NeighborWorks. For those ineligible and others in need of housing and credit counseling, there is a \$25 fee requested for the first session and subsequent sessions are free. No one will be turned away.

The Sioux Falls area was selected by NeighborWorks as an "area of greatest need" based on a national geographic analysis determining where there is a prevalence of sub prime mortgages that are risky and likely to fail, as well as any trends for mortgages that are likely to default and face foreclosure. Priority for awarding grants was based on the number and percentage of delinquent loans, percentage of loans in foreclosure/Real Estate Owned, and percentage of sub prime loans.

Consumer Credit Counseling Service (CCCS) of Lutheran Social Services of South Dakota (LSS) was awarded funding to provide services to 500 to 700 clients depending on the level of service the client requires. This funding, made available March 1, has already allowed approximately 100 clients to receive services through CCCS. In addition to people receiving services under the NeighborWorks grant, CCCS serves many other home owners with similar services.

LSS housing counselors are certified by the National Foundation for Credit Counseling (NFCC) for both housing and credit counseling, which means they can help with a wide variety of financial issues. LSS housing counselors have received additional training via NeighborWorks on the foreclosure process, resources available and working with mortgage servicers and the options they provide. In addition, LSS housing counselors are able to provide a higher level of foreclosure counseling, thus meeting the demand for more intensive counsels and fulfilling a need in the state that other service providers have not been able to provide. Additional staff is currently being hired by LSS to accommodate the increase in demand for services.

"Even if you are not in foreclosure, but feel that you may be delinquent with a future mortgage payment, please come in for a counsel," advises Tracy Gran, Director of Consumer Credit Counseling Service for Lutheran Social Services.

"The earlier you can come in the more options are available."

Although South Dakota to date has avoided some of the foreclosure problems that other states have experienced, an increasing number of South Dakotans are in danger of losing their homes because of delinquent mortgages. In just the last year, Consumer Credit Counseling Service served 1,700 clients in eastern South Dakota who are behind on their mortgage payments or are in the process of foreclosure. After receiving financial and budget counseling, 72 percent were able to avoid bankruptcy and foreclosure.

To obtain NeighborWorks funding, LSS had to acquire 20 percent of the total request amount from local businesses. Citi leads the local partnership group, along with First Premier Bank, Great Western Bank, First National Bank of Sioux Falls, and CorTrust Mortgage.

"In the midst of a housing crisis with more and more homeowners facing foreclosure every day, Citi is working hard to keep distressed homeowners whose mortgages it owns or services in their homes and out of foreclosure," said Jerry Nachtigal, Senior Vice President of Public Affairs for Citibank in Sioux Falls. "Research has shown that half of families who enter into foreclosure never call their lender for help. It's critically important for borrowers to understand the need to reach out for help and seek to avoid the devastating effects home foreclosures can have on families. Citi applauds LSS for providing this counseling and working to keep homeowners in their homes."

To arrange a meeting with a consumer housing and credit counselor, call toll-free 888-258-2227 or 605-330-2700 for a personal or phone consultation.



Calendar of Events

August 4-5 Commission Meeting,
Pierre

September 8-10 Commission
Meeting, Deadwood

APPRAISER UPDATE

This section of the South Dakota Real Estate Review is the responsibility of the South Dakota Department of Revenue and Regulation Appraiser Certification Program. Articles are printed here to communicate pertinent information to those appraisers who receive this newsletter and are licensed under the Certification Program. Appraiser certification inquiries can be directed to Sherry Bren, Program Administrator, 445 East Capitol, Pierre, SD 57501, 605-773-4608.



**Sherry Bren,
Executive
Director
(605)
773-4608
445 E. Capitol
Pierre, SD
57501**

Appraiser Certification Program Advisory Council

Council members provide recommendations to the Secretary of the Department of Revenue and Regulation in the areas of program administration in order to sustain a program that is consistent with Title XI. The Council meets quarterly in public forum. See the Website for meeting information. www.state.sd.us/appraisers

Term Ends for Advisory Council Member

The Department of Revenue and Regulation sincerely appreciates Jerry Hulm's many years of service as a member of the Advisory Council. Jerry, a state-certified general appraiser, was appointed by the Department Secretary to serve a four year term effective Jan. 1, 2004. Jerry served as representative from Western South Dakota.

Appraiser Certification Program Mission-Purpose-Intent

The Appraiser Certification Program was implemented July 1, 1990, pursuant to enactment of Title XI of the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA) by Congress.

The mission of the Program is to certify, license and register appraisers to perform real estate appraisals in the state of South Dakota pursuant to Title XI (FIRREA). The purpose of the Program is to examine candidates, issue certificates, investigate and administer disciplinary actions to persons in violation of the rules, statutes and uniform standards, and approve qualifying and continuing education courses. Title XI intends that States supervise all of the activities and practices of persons who are certified or licensed to perform real estate appraisals through effective regulation, supervision and discipline to assure their professional competence.

USPAP Q & A

Vol. 10, No. 4, April 2008

Does USPAP Require Identifying Appraisal Credentials?

Question: I am a state certified real estate appraiser and typically list my state license number directly below my signature on appraisal reports. I spoke with an appraiser in another state who said USPAP has certain requirements pertaining identification of credentials in an appraisal report. Is this correct, does USPAP address how appraiser credentials must appear in an appraisal report?

Which USPAP Standards apply to Personal Property Appraisal Consulting?

Question: I'm aware that STANDARDS 4 and 5 in USPAP apply to real property appraisal consulting, but which Standards apply to personal property appraisal consulting?

Providing Sample Appraisal Reports

Question: Recently I've heard that some appraisers are using a questionable technique to provide sample appraisal reports for prospective clients. These appraisers will redact all confidential information from the report (as required to comply with the Confidentiality section of the ETHICS RULE in USPAP) and send it to a prospective client, but then will follow-up

with an additional e-mail that provides the client with all of the information that had been redacted from the sample report. Is this practice acceptable?

Vol. 10, No. 5, May 2008

Does Changing the Sale Price Result in a New Assignment?

Question: I recently completed an appraisal for mortgage financing purposes in a purchase transaction and delivered the report to my client. My appraised value did not support the pending sale price. As a result, the purchase transaction was not consummated. However, one week later the buyer and seller entered into a new purchase agreement where the sale price coincided with my appraised value. My client asked if I can provide a revised report that includes the analysis of the newly agreed-upon sale price. To provide a revised appraisal report, must I consider the client's request as a new assignment?

Is it Permissible to Use MLS Photos for Comparable Sales?

Question: I use "standard" pre-printed appraisal report forms that contain a statement saying I personally inspected the exterior of the comparable sales. The assignment conditions require me to comply with this statement and do not permit any alterations. One of my clients now requires two additional sales of comparable properties to be included with every appraisal report. However, the client told me not to inspect the exterior of these active listings and to just use the MLS photos. Am I compliant with USPAP if I do not physically inspect the exterior of these properties and only use the MLS photos?

Can an Appraiser Disclose the Identity of Past Clients in an Appraisal Report?

Question: I have a client that requires my résumé to be included with each appraisal report I perform for them. Does USPAP permit me to identify past clients in my résumé, since it will be included in the appraisal report?

Answers to the above questions can be found at: www.appraisalfoundation.org.

Common USPAP Errors

[Article printed from "The Oregon Appraiser" Newsletter Spring 2008, with the permission of the Appraiser Certification and Licensure Board of Oregon]

Below is a list compiled from a survey of State Appraisal Boards throughout the country on the most common USPAP development and reporting errors.

Use of Fannie Mae forms for non-lending assignments [SR 1-2(a); SR 1-2(b); SR 2-1(a) and SR 2-2(b)(ii)]

Over-reliance on boilerplate: comments and inclusion of boilerplate that is not applicable or contradicts statements made elsewhere in the report [SR 2-1(a) and SR 2-1(b)]

Inadequate information regarding the subject's neighborhood/market area and/or any external influences which may affect marketability and their affect on value (Examples: traffic and freeway influence, noise, BPA easement, commercial developments in the immediate area, school influence) [SR 1-2(e)(i) and SR 2-1(b)]

Failure to describe or summarize sufficient information to disclose – to the client and any intended users of the appraisal – the scope of work used to develop the appraisal [SR 2-2(a) or (b)(vii)]

Inadequate disclosure of extraordinary assumptions or hypothetical conditions, including failure to state that their use might have affected the assignment results [SR 2-1(c) and SR 2-2(b)(x)]

Failing to develop and state an opinion of reasonable exposure time linked to a market value opinion [SR 1-2(c) and SR 2-2(a)(v) or (b)(v) and Statement 6]

Failing to disclose known facts concerning the physical, legal, or economic characteristics of the property being appraised when using a hypothetical condition [SR 2-1(b)]

Failure to address impact of zoning non-conformity [SR 1-3(a) and SR 2-2(a) or (b)(iii)]

Insufficient explanation of effective age when it varies substantially from the chronological age [SR 2-2(a) or (b)(iii)]

Failure to summarize the support and rationale for the opinion of highest and best use [SR 2-2(a) or (b)(ix)]

Unsubstantiated land value or construction costs in the cost approach [SR 1-4(b) and 2-2(a) or (b) or (c)(viii)]

Failure to analyze and report concessions and make appropriate adjustments to the comparable sales [SR 2-1(a)]

Selecting comparable sales based upon their ability to support a preconceived notion of value, rather than based upon their similarity to the subject. [ETHICS RULE – Management Section]

Insufficient reasoning and support for adjustments applied to the comparables [SR 2-1(b)]

Inadequate reconciliation of the quality and quantity of data available and analyzed within the approach to value used [SR 2-1(b) and SR 2-2(a) or (b) or (c)(viii)]

Inadequate reconciliation of the approaches used or inadequate explanation of the rationale behind the exclusion of any approaches [SR 2-1(b) and SR 2-2(a) or (b)(viii)]

Failure to disclose the extent of assistance provided in the appraisal process [SR 2-2(a) or (b) or (c)(vii) and SR 2-3]

Omitting an approach to value that typical practice and peers would require [Scope of Work Rule, SR 1-4(a) or (b) or (c) and 2-2(a) or (b) or (c)(viii)]

Failure to identify and *analyze* all prior sales of the subject property with required time frames or to identify and *analyze* a current listing or current sales agreement for the subject property [SR 1-5]

Inconsistencies with the report, for example, stating in the reconciliation section the cost approach was not developed, when the cost approach is included in the report [SR 2-1(a) and (b)]

New Licensees – April/May 2008

Donald R. Palmer, State-Certified General – Portland, OR
Matthew P. Call, State-Certified General – Portland, OR
Douglas E. Helvig, State-Certified General – Sioux City, IA
Jo Dawn Harmacek, State-Registered – Sioux Falls, SD
Andrea K. Rhoads, State-Registered – Spearfish, SD

Cay Lacey, State-Certified General – Lincoln, NE

Kelsie Jo Hughes, State-Registered – Pierre, SD

John T. Schmick, State-Certified General – Minneapolis, MN

Keith L. Ranschau, State-Certified Residential – Orange City, IA

Information Regarding Disciplinary Actions

Public information regarding disciplinary action taken against an appraiser is available upon written request to the Department of Revenue and Regulation, Appraiser Certification Program, 445 East Capitol Avenue, Pierre, SD 57501 or e-mail – Sherry.Bren@state.sd.us. Include in the request for information the name of the appraiser and the appraiser's city and state of residence. (Disciplinary action may include denial, suspension, censure, reprimand, or revocation of a certificate by the department. (ARSD 20:14:11:03))

Review of Cases – 1/1/08 through 5/28/08

For the period January 1, 2008 through May 28, 2008 the Department has received 20 upgrade applications, 1 new application claiming experience and initiated 6 complaint investigations.

Upgrades – 8 pending, 4 Agreed Dispositions, and 8 issued

New Application Claiming Experience – 1 pending

Complaints – 6 pending

New Appraisal Experience Log

The Appraiser Certification Program has revised the Appraisal Experience Log effective January 1, 2008 to comply with the Appraiser Qualifications Board (AQB) of the Appraisal Foundation requirements. The AQB states that verification for experience credit claimed by an applicant shall be on forms prescribed by the state certification/licensing agency, which shall include:

1. Type of property;

2. Date of report;
3. Address of appraised property;

4. Description of work performed by the trainee/applicant and scope of the review and supervision of the supervising appraiser;

5. Number of actual work hours by the trainee/applicant on the assignment; and

6. The signature and state certification number of the supervising appraiser if applicable. Separate appraisal logs shall be maintained for each supervising appraiser if applicable.

It is the intent of the AQB that the verification of experience clearly identifies three things under item #4:

1. A description of the work performed by the trainee or applicant;

2. The scope of the review performed by the supervising appraiser; and

3. The level of supervision performed by the supervising appraiser.

Although the scope of review and level of supervision performed by the supervising appraiser might appear to be redundant at first glance, they are not. For example, in certain assignments a supervising appraiser might determine that a lesser level of supervision is required, but that might not impact the level of review performed.

The AQB recognizes that assignments

may differ significantly; therefore the level of review and supervision by the supervising appraiser may also differ from assignment to assignment. Also, depending on the assignments involved, it might be expected that the supervising appraiser's level of review and supervision diminish over time as the trainee/applicant gains competency.

Supervisor Program Project

The Supervisor Program Project committee members, Jim Dunlap of Sioux Falls, Terry Leibel of Pierre, and Daryl Washechek of Rapid City, presented their proposal for implementation and administration of a Supervisor Program for review and discussion at the May 30, 2008 Appraiser Certification Program Advisory Council meeting. The goal of the Supervisor Program is to promote and maintain responsible supervising appraisers that are competent and qualified to train, guide and directly supervise entry level appraisers and promote entry into the appraiser profession in South Dakota.

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The committee proposed the following:

- Revise the administrative rules regarding supervising appraisers to spell out the responsibilities for the training, guidance and direct supervision of the state-registered appraiser.

- Provide clear authority for the discipline of a supervising appraiser for failure to comply with the administrative rules regarding the supervision of the state-registered appraiser.

- Require the supervising appraiser and the state-registered appraiser to successfully complete a supervisor/trainee course approved by the Department.

The Professional Appraisers Association of South Dakota and the South Dakota Chapter of the American Society of Farm Managers and Rural Appraisers support the committee's proposal. The Department will move forward with implementation of the Supervisor Program as proposed.

If you have any questions, recommendations or comments, please contact Sherry Bren, Appraiser Certification Program, 445 E. Capitol Ave., Pierre, SD 57501. Comments, recommendations or questions may also be submitted by FAX at 605.773.5369 or by e-mail at Sherry.Bren@state.sd.us.